

M&A ACTIVITY

SPACs seek Chinese targets

By Clare Harrison

Special purpose acquisition companies (SPACs) have been courting Chinese firms, even though the number of SPACs being established has actually fallen.

'Fewer SPACs are being created, but many of them are loaded with money and looking for something to buy,' explains Crocker Coulson, president of New York-based CCG Investor Relations. 'I know of Chinese companies that had been considering an IPO but are now being approached by SPACs offering another path to going public.'

SPACs, or 'blank check' entities, raise money through an IPO; that money is then placed in trust until a suitable target is found for acquisition. Once a target is found, the bankers responsible for the SPAC must get shareholder approval for the acquisition.

'With the IPO market for US

listings pretty much dead, Chinese companies might find the SPAC route to market an attractive alternative,' Coulson adds.

US-based SPAC Heckmann Corporation pulled off one of the biggest SPAC deals this year when it bought China Water & Drinks for \$625 mn in May. ■



Crocker Coulson, CCG Investor Relations

CAPITAL RAISING

Emerging markets drive IPO activity

Global IPO activity has fallen significantly year on year but remains relatively stable in the second quarter of 2008, according to the quarterly Global IPO Update from Ernst & Young.

In the second quarter of this year, a total of 258 IPOs worldwide raised \$37.4 bn in capital. This

compares with 247 IPOs worth \$41.2 bn in the previous quarter.

Emerging markets dominated activity in the second quarter with China and Hong Kong collectively leading the way in both value (\$6.2 bn) and volume (56 IPOs). Seven of the top 10 and 15 of the top 20 IPOs by capital raised were from emerging markets.

Four countries accounted for half of the capital raised globally: Chinese firms raised \$6.2 bn, Brazilian companies \$4.6 bn, US firms \$4.3 bn and Saudi Arabian companies racked up \$3.4 bn. ■

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